



State of Utah

Department of
Environmental Quality

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DIVISION OF AIR QUALITY
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DAQ-065-06

MEMORANDUM

TO: Air Quality Board

THROUGH: Richard W. Sprott, Executive Secretary
Utah Air Quality Board

FROM: David Beatty, Manager
Operating Permits Section

DATE: August 22, 2006

SUBJECT: Proposed for Public Comment: Operating Permit Program Fee for Fiscal Year 2008

Background:

Title V of the Clean Air Act Amendments of 1990 (CAAA) requires the State of Utah to develop an Operating Permit Program (OPP) to include a fee system which is to be used to fund all direct and indirect costs associated with administering the OPP. Section 19-2-109.1 (4)(a) of the Utah Conservation Act authorizes the Utah Air Quality Board (the Board) to propose to the legislature an annual emission fee that conforms to Title V of the CAAA for each ton of regulated pollutant.

Utah began collecting an emission fee during fiscal year 1993, based on tons of air pollution emitted, to fund development of the program. The fee has increased in varying increments by 1.4% to 12.3% (one year decreased 4.3%). The current fee charged to fund fiscal year 2007 is \$43.03 per ton of emissions. Most fee increases have been the result of reduced emission tonnages by sources, and increasing salaries and benefits to staff. Staff size has been reduced since 1995 from 39 FTE's to the current level of 31.5 FTE's, this has assisted in keeping fee increases as low as possible.

For fiscal year 2008 staff is basing its proposal on an emissions inventory of 77,500 tons, an amount lower than that of the last few years due to continued small decreases by many sources. Additionally, staff is proposing to base the fee on a staff size of 31.5 FTE's. The fee calculation is shown in the table below and includes a benefit and merit increase of 7.5%

Operating Permit Emission Fee for Fiscal Year 2008:

FY2007 Projected Salary + Benefits	\$2,507,900	
FY2008 Projected Increase @ 7.5%	\$188,092	
FY2008 Projected Salary + Benefits w/ Projected Increase		\$2,695,992
FY2008 Indirect Costs (Using 15.93% from FY 2007)	\$429,472	
FY2008 Direct Costs (Using FY2007 projections)	\$473,553	
FY2008 Projected Total Expenditures		\$3,599,017
FY2008 Projected Fee Tonnage	77,500	
FY2008 Proposed Fee Rate Per Ton of Emissions		\$46.44¹

¹Current Fee (FY2007) is \$43.03, Difference is \$3.41 per ton

Therefore, staff recommends that the Board submit as part of the Department's fee schedule, a proposed fee of \$46.44/ton for the operating permit program for fiscal year 2008.

As part of the fee development process, the fee is included as part of the Department's fee schedule each fall. Additionally, a public comment period will be held to allow an opportunity for interested parties to comment on the Department fee schedule and a public hearing will be scheduled during October 2006. Notice of the comment period and public hearing will be provided in the Legal Notices section of the major newspapers in the state.